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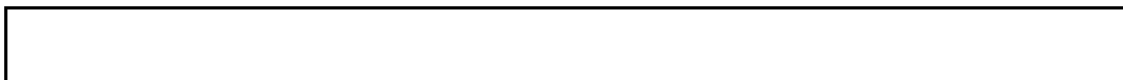


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CENTRAL INTELLIGENCE BULLETIN



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*Brazil: President Goulart on 8 July nominated 51-year-old Francisco Brochado da Rocha for the post of Prime Minister. Rocha is a member of Goulart's leftist Labor party and a close political associate of ultra-nationalist Leonel Brizola who is governor of Rio Grande do Sul and brother-in-law of Goulart.

Congress immediately called a session for 9 July to consider the nomination. The Labor party has only 20 percent of the seats in the Chamber of Deputies and Rocha's approval would require the votes of at least one of the two major conservative parties.

Members of the conservative-moderate opposition, which dominates congress, fear that Goulart may take extralegal action against them. They may be inclined to accept his nominee and agree to proposals by supporters of Goulart which envisage either holding a plebiscite on the constitutional issue of the powers of congress or granting to the next congress--to be elected on 7 October--power to reform the constitution.

The military are restive over the prolonged crisis and are concerned that unrest, like that recently evidenced in the Rio de Janeiro area, may spread to other parts of the country. A scarcity of staple foods has continued for three months--primarily because of the government's failure to act against speculators--and this situation is contributing to popular unrest. [REDACTED]

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Austria: A mounting wave of strikes threatens to bring down the Socialist - People's Party coalition government of Chancellor Anton Gorbach. The cabinet will meet early this week to decide whether it should try to cope with the situation or resign and call for early elections. Parliamentary elections are scheduled for next November, having been advanced from 1963 as a result of previous friction within the coalition.

Last week postal employees, police, and gendarmes forced wage concessions from the government despite opposition from the People's Party, which feared that increases would trigger wage demands from other labor groups and upset the budget. The government is now threatened by a nationwide strike of doctors on 9 July, following the refusal of the government-controlled health fund to increase fees for compulsory medical service. The trade unions have denounced the doctors for a "violation of public duties" and threatened in turn to call protest strikes. [REDACTED]

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Belgium: The fall of the Socialist - Social Christian coalition government of Prime Minister Lefevre appears imminent. The two parties have been unable to reach a compromise on the issue of the expansion of religious influence in the Education Ministry. Foreign Minister Spaak failed at a meeting on 5 July to bring his Socialist colleagues into agreement with Flemish Catholic representatives, and he has dissociated himself from subsequent contacts.

Control of education is an issue over which the two parties are prepared to go to the polls. If the prime minister is unable to announce a compromise at the opening on 10 July of the parliamentary debate on the education budget, it is possible that the budget will be rejected and the government dissolved. [REDACTED]

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Burma: General Ne Win has ruthlessly suppressed the first open opposition to his Union Revolutionary Council government. On 7 July army units, called in to disperse 2,000 Rangoon University students who were rioting to protest the arrest of four student leaders and new dormitory regulations, fired into the mob with automatic weapons, killing 15 and wounding 47 others. The army demolished the Rangoon University Student Union building, for 25 years the symbolic center of radical opposition to "oppression." The university has been closed indefinitely.

Student martyrs have long been used in Burma as causes celebres to inspire antigovernment agitation; the Student Union itself has been dominated since 1954 by pro-Communists. General Ne Win has said that he believes the demonstration was instigated by politicians and has warned that he will "crush mercilessly" further obstructionism. Nevertheless, the government's violent tactics may serve to unite the various civilian elements opposed to Ne Win's dictatorial methods. [REDACTED]

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DAILY BRIEF

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Laos: [S]ouvanna Phouma has instructed Vientiane to suspend all action on establishing new diplomatic relations pending a settlement at Geneva. Souvanna, aware of the complications inherent in his coalition government's announced intention to recognize Communist China, North Vietnam, and East Germany, does not want to add further problems to the work at Geneva. South Vietnam, which has relations with Laos on the ambassadorial level, has threatened to withhold its signature from a Geneva agreement if Vientiane recognizes Hanoi.

At a meeting of conference representatives of the US, Britain, France, India, and Communist China on 6 July, the Soviet and Chinese Communist delegates reiterated their opposition to any reference in the final agreements to the integration and demobilization of the rival Lao forces. The Communist delegates demanded both that the Laotian declaration on neutrality specifically disavow any tie with SEATO and that SEATO amend its protocol so as to drop any mention of Laos. Soviet delegate Pushkin termed the meeting "dead-locked," but the co-chairmen agreed to continue their discussion in an effort to resolve the problems.

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[A]ccording to the US delegate, Western delegations generally believe that if satisfactory solutions are reached on other conference problems, the Communists may accept a compromise which would include a reference to SEATO in the Lao declaration but would not require SEATO action, providing the SEATO powers promptly acquiesce to such a solution.

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DAILY BRIEF

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Sino-Indian Border: A Chinese Communist protest note to India, delivered in Peiping on 8 July, repeats earlier warnings that Chinese forces will be compelled to defend themselves if India persists in its policy of "aggression." The note, which followed unusually quickly after the event, charged that on 6 July a 20-man Indian patrol attempted to cut off a Chinese outpost in territory in dispute between the two sides. India has countered with an unofficial statement asserting that the Chinese have engaged in a new "intrusion"; however, the Indians almost certainly took the initiative in this incident, continuing their policy of "limited advance." China's notes have emphasized that only its self-restraint in the face of India's "provocations" has prevented the outbreak of serious clashes. Peiping is probably worried that its apparent reluctance to fight will encourage additional Indian advances into Chinese-occupied territory, in which case the Chinese might feel obligated to force back some of the more advanced Indian outposts. [REDACTED]

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Goulart Nominates Francisco Brochado da Rocha as Prime Minister

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[redacted] Rocha, who has been described by US officials as [redacted] and "one of the cleverest lawyers in southern Brazil," has been conspicuous in showing hostility toward US-owned public utilities. He played the most important legal role in the expropriation of the Rio Grande do Sul subsidiary of the Electric Bond and Share Corporation in 1959. As State Secretary of Interior and Justice he commented that Brizola's expropriation of the Rio Grande do Sul subsidiary of International Telephone and Telegraph Company "could be the first of a series of similar actions which the government of Rio Grande do Sul may be forced to take to defend the people of the state from the yoke and plunder of foreign capital."

In October 1961 Rocha was appointed by Brizola to make an investigation--evidently intended to vindicate the state government--of accusations that Brizola's administration was favoring certain Communist activities. In March 1962 Rocha was questioned about three Cuban planes which had flown that month between Havana and Porto Alegre but had been allowed to leave the names and nationalities of passengers unrecorded. Rocha said publicly that he took responsibility but did not explain the flights except to say that they were between two friendly countries.

Rocha was reportedly a key supporter of Goulart in August 1961 when army leaders opposed his accession to the presidency after the resignation of Janio Quadros.

Under the Brazilian parliamentary system, the President may nominate only three candidates for the prime ministry whereupon nomination becomes the prerogative of the Senate. In the present crisis, however, Goulart's second nominee was confirmed, with the result that Rocha's rejection legally could be followed by two more presidential choices. A prolongation of the

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crisis would, however, seriously increase opposition to Goulart.

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¶ Marshal Mendes de Moraes, who is a federal deputy, plans to make a speech in the Chamber of Deputies stating that the military will guarantee the freedom of congress to decide the political problem. He also claims to have support for taking over the Ministry of War to counter Goulart if the President attempts to call a general strike to support his choice of Rocha. The 68-year-old Mendes probably lacks sufficient prestige within the armed forces to be the leader of such intervention in the government.

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